

# Creating a Municipal Economic Development Office

Ternopil, Ukraine

## Background

The City of Ternopil (population 205,000) was suffering from high unemployment. The major industrial firms were working reduced schedules or were closed. Foreign investment capital was needed, as were new management practices and skills, new technology, and workforce training. The city realized that it needed to redefine its role in the local economy from that of an owner and a manager of businesses to a regulator, promoter, and facilitator of private businesses. After city officials visited the U.S., where they met with chambers of commerce and economic development officials, they decided to establish a municipal office of economic development.

## Innovation

The city set up an office of economic development in March 1995 to support local private businesses, promote Ternopil as a business-friendly location, seek foreign investment in existing businesses, and attract industries to the region. The office was staffed with an Executive Director (a former Deputy Governor who had become responsible for economic matters) and four other personnel. On a study tour to the U.S. and Canada, staff learned how economic development was carried out and how economic development offices were organized. The economic development office produced a full color brochure with business-oriented information in Ukrainian and English and distributed it to embassies and business groups. The office provides businesses with services that range from consultation to legal assistance. It helps firms apply for grants and loans from donor agencies, handles logistics for foreign visitors, and participates in conferences and exhibitions.

## Results

The active promotion of Ternopil has made investors aware of the city, in Ukraine and internationally. Distribution of the brochure has resulted in contacts with such firms as John Deere, Glaxo-Wellcome, and Long Manufacturing, which have expressed serious interest in investments in Ternopil. The office hosts an average of two visits a month by potential foreign investors, and foreign business people have commented on the help the economic development office has provided and the good reception they have received from local government officials. The image of the city has improved in the eyes of the local business community.

## Summary

To attract investment capital and jobs, the City of Ternopil established a municipal office of economic development. The office has improved the image of Ternopil locally and internationally and has made contact with several firms that are interested in investments.

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